

UTILITIES SERVICE BOARD MEETING  
February 6, 2006

UTILITIES SERVICE BOARD MEETINGS ARE RECORDED ELECTRONICALLY OR STENOGRAPHICALLY AND ARE AVAILABLE DURING REGULAR BUSINESS HOURS IN THE OFFICE OF THE DIRECTOR OF UTILITIES.

Board President Swafford called the regular meeting of the Utilities Service Board to order at 5:00 p.m. The meeting was held in Conference Room 100B at the Indiana University Research Park at 501 North Morton Street in Bloomington, Indiana.

Board members present: Tom Swafford, Tim Henke, Sam Vaught, Jeff Ehman, Julie Roberts, Susan Sandberg, ex-officio member Tom Micuda. Staff members present: Patrick Murphy, John Langley, Mike Trexler, Adam Wason, Nathan Schulte, Tom Staley, Jane Fleig, Patrick Stoffers, Adrian Reid and Vickie Renfrow. Others present: Margaret Fette representing the Libertarian Party, Ben Beard representing Gentry Estates, Geoff McKim representing Technology Services Corporation, John Skomp representing Crowe Chizek, Mark Menefee representing Indiana University, Steve Smith representing Smith Nuebecker, Pedro Roman, Michael Clayton and Leslie and Hernan Cadavid.

INTRODUCTION OF NEW BOARD MEMBER:

Board President Swafford introduced and welcomed new Board member Julie Roberts.

MINUTES

Board member Ehman asked that the spelling of the name Kimsiey be corrected in the list of people present at the meeting.

BOARD MEMBER EHMAN MOVED AND BOARD MEMBER HENKE SECONDED THE MOTION TO APPROVE THE MINUTES OF THE JANUARY 23, 2006, MEETING WITH THE RECOMMENDED CHANGES. MOTION CARRIED. 6 AYES. 1 MEMBER ABSENT (Whikehart).

CLAIMS

Board member Ehman asked about claims 0630084 through 0630092 which were for customer refunds. He wanted to know if these refunds were due to over billing and if so had the problem been addressed.

Finance Manager Patrick Stoffers explained that there can be numerous reasons for refunds. Frequently they are due to customers over paying then asking for a refund. They used to be issued a check from a bank account which would then be reimbursed through a claim. That practice has now been discontinued and all customer refunds go through the claims process.

Board member Ehman commented on the many claims for work boots. He wanted to know what the CBU policy regarding work boots is.

Board member Whikehart arrived at this time.

Superintendent of Operations Staley explained that CBU buys one pair of work boots annually for employees who need them. If a second pair is needed the employee is responsible for the expense.

Mr. Ehman then asked about claim 0690155 for MBNA. Finance Manager Stoffers explained that it was for CBU's share of the annual updates to the tax tables. That expense is shared 50/50 with the Civil City.

The board requested that they receive more detail about the MBNA payments.

Board member Henke asked Deputy Director Langley to update the board on the payments for the Illinois Central Plant. Mr. Langley said that the consent decree partners who are the State of Indiana, the City of Bloomington, the U.S. EPA and CBS Corporation, about a year ago agreed that they wanted to keep the plant running while they came to a settlement on who will pay for what in the future with respect to PCB's. The four parties are sharing the cost of operating the plant. The plant treats spring water which originates under the Lemon Lane landfill and carries a PCB burden with it. The average monthly expenditure is about \$14,000 dollars which is split four ways. CBU received the final allocation from CBS sometime during the previous week. The plant operates well and is on budget. One of the major tasks of the global settlement is to resolve who will operate the plant in the future. The present contract will expire in June or July.

Board President Swafford asked about claim 0630094 for Environmental Services Group Lab, Inc. Deputy Director Langley explained that CBU runs a Fats, Oils and Grease program because one of the most serious problems that CBU faces is the discharge of fats, oils and grease into the sewers. It turns hard and decreases the diameter of the pipes. There was compliance problem with a downstream lift station at this location so sampling and analysis was done to detect how much grease was in the discharge. The traps at MCL are compliant and they have cooperated with CBU. The problem seems to be a very hot dishwasher that allows the grease to flow beyond the traps. The problem hasn't been solved but it will be.

Board President Swafford asked about the two claims, for different amounts, for permits for Dillman Road and Blucher Poole WWTP's. Deputy Director Langley said that they are based on the capacity of each plant.

Board President Swafford asked Superintendent of Operations Staley to explain claim 0690184 for M E Simpson Co. Mr. Staley said that CBU hires M E Simpson to locate, clean out and exercise a certain number of valves each year. The data is then added to the GIS system.

BOARDMEMBER VAUGHT MOVED AND BOARDMEMBER EHMAN SECONDED THE MOTION TO APPROVE THE CLAIMS AS FOLLOWS:

CLAIMS 0690125 THROUGH 0690193 INCLUDING \$82,815.50 FROM THE WATER OPERATIONS & MAINTENANCE FUND, \$26,899.97 FROM THE WATER CONSTRUCTION FUND, \$315.00 FROM THE WATER SINKING FUND AND \$750.00 FOR WATER HYDRANT METER RENTAL FOR A TOTAL OF \$110,780.47 FROM THE WATER UTILITY; CLAIMS 0630072 THROUGH 0630118 INCLUDING \$120,342.64 FROM THE WASTEWATER OPERATIONS & MAINTENANCE FUND AND \$2,588.07 FROM THE WASTEWATER CONSTRUCTION FUND FOR A TOTAL OF \$122,930.71 FROM THE WASTEWATER UTILITY; AND A TOTAL OF \$327.54 FROM THE WASTEWATER/ STORMWATER UTILITY. TOTAL CLAIMS APPROVED - \$234,038.72.

MOTION CARRIED. 7 AYES.

APPROVAL OF PROFESSIONAL SERVICES CONTRACT WITH CROWE CHIZEK:

Attorney Vickie Renfrow with the City of Bloomington Legal Department said that this contract has to do with the issues raised with the State Board of Accounts 2004 audit of CBU. Crowe Chizek will provide

consulting services to assess the problems and develop recommendations for how CBU can be more in line with the expectations of the State Board of Accounts. It is a standard consulting contract. On the first page there is a reference to Exhibit A which is the Scope of Services. Exhibit B sets the hourly rates for people performing services. There is a "not to exceed" figure of \$25,000 which along with other language in the article means that if CBU needs something different done than what is in the Scope of Services, or if some rate has to be charged that is different than the compensation, or there is a need to go beyond the not to exceed figure it will be necessary to come back to the USB for an amendment to the contract. The third exhibit sets out the individuals doing the work. Within 45 days Crowe Chizek will complete their assessment and make recommendations regarding the changes that need to be made. There is also an Exhibit D that is Crowe Chizek's standard terms of engagement.

Board member Vaught said that the Finance Subcommittee had met since the last board meeting to review the audit. They made the recommendation that Crowe Chizek be hired as consultants to address the problems detailed in the audit report and also to address the internal controls of CBU.

Board President Swafford mentioned that Crowe Chizek was chosen because they had done the water and sewer rate studies for CBU and were familiar with their finances.

Board member Henke expressed concern that the Scope of Services article did not specify that Crowe Chizek report directly to the board. It was agreed that all parties understood that.

Board member Ehman asked about the wide range in hourly compensation since the four people who will be working on the project are listed. Mr. Skomp explained that those four people would be heading things up, but that tasks would be given to the lowest paid person who would be qualified to do the work.

BOARD MEMBER VAUGHT MOVED AND BOARD MEMBER HENKE SECONDED THE MOTION TO APPROVE THE PROFESSIONAL SERVICES CONTRACT WITH CROWE CHIZEK. MOTION CARRIED. 7 AYES.

#### OLD BUSINESS:

Board member Henke commented that CBU has lost some financial staff. He asked who is running things. Utilities Director Murphy said that things are going well. He has asked Finance Manager Patrick Stoffers to manage the department and Budget Analyst Mike Trexler is providing support.

Board member Henke asked where CBU is in the process of bond financing. Attorney Vickie Renfrow said that CBU is in the process of laying out time lines which are a function of things like when projects will be started and paying off the Waterworks Bond Authorization Note. There are two lines of activity going on. In Waterworks there are about \$5.3 million dollars in bond authorization that was approved by the Common Council and the IURC to pay off the BAN, pay for a portion of the new building and the water main relocation along the 45/46 bypass. None of these are SRF fundable so it will be done through the Indiana Bond Bank and the issuance will be done along with the wastewater bond issuances that CBU has been given the authority to do. On the wastewater side there are three SRF projects included in the most recent bond authorization. Those are the Blucher Poole Phase Two improvements, the Wet Weather program and the Dillman Road improvements which altogether will be about \$10 million. Those will go forward when all the things such as preliminary engineering reports are in place as the SRF requires. These things are already in place for the Blucher Poole project and about half the money needed for that project is on hand due to selling those bonds at the end of 2004. That money has been held on to in anticipation of that project. Probably the balance of the bonds for that project along with the bonds for the Wet Weather project will be sold together this year which will save a little in cost of issuance. During the next year the SRF closing for the Dillman Road project will happen. The other Wastewater funds that have been authorized, for about \$8 million, will be for the new building and

the pay off of the BAN that was just renewed last month. That BAN was for the Miller Showers Park and College Mall Road storm water improvements. Those bonds will be done at the same time that the Waterworks bonds are done. Most of the bond issuances will probably be done by the end of the summer with one SRF happening next year.

Board member Henke asked if the issues that Crowe Chizek will be dealing with will affect the timing or cost of the issuances.

Ms. Renfrow replied that they would not. By going through the Indiana Bond Bank that risk is avoided. It will be necessary to make slight modifications to the two bond ordinances to allow them to be sold through the Indiana Bond Bank.

#### NEW BUSINESS:

No new business was presented.

#### SUBCOMMITTEE REPORTS:

The Administrative Subcommittee will be meeting on Thursday, February 9<sup>th</sup> at 10:30 a.m.

#### STAFF REPORTS:

Utilities Director Murphy reported that the Mayor had received a request for a sewer extension from Steve Smith that he had forwarded to Mr. Murphy under the guise of Rule 24. Mr. Murphy forwarded the request to the Economic Development Director and the Planning Director. Planning Director Micuda suggested that this project could be handled with a lateral connection rather than a sewer extension which means that Rule 24 would not apply.

Board member Sandberg left the meeting at this time.

Utilities Director Murphy updated that Board about a meeting with Schmidt and Associates. He said that the final interior design should be done in another week. There has been a lot of staff input.

Utilities Director Murphy introduced Adrian Reid, the new City Engineer.

#### PETITIONS AND COMMUNICATIONS:

Leslie Cadavid said that she and her husband Hernan had filed a claim with Risk Management for the flooding of their apartment. The claim was denied based on the City having not been negligent in maintaining their pipes. She was wondering what other recourse they might have. Board President Swafford said that they could file paperwork and a letter with the Director of Utilities asking the Board to review the process. It would go to the Finance and maybe the Engineering Subcommittees then the Board would make a decision.

#### ADJOURNMENT:

The meeting was adjourned at 6:00 p.m.

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L. Thomas Swafford, President